

## What are Virtual Currencies?

A digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value.

In some cases, you can spend it like money, but it does not have legal tender status in the United States.

Some virtual currencies have an equivalent value in other currencies, such as U.S. dollars or Euros, or can be traded for other virtual currencies. These are referred to as convertible virtual currencies. Bitcoin is an example of a convertible virtual currency.

When you buy or sell virtual currencies with dollars for your personal wallet, you are buying on the cash or spot market. Virtual currencies can also be purchased through initial coin offerings or ICOs.



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Learn more at [www.cftc.gov/bitcoin](http://www.cftc.gov/bitcoin)

## AN INTRODUCTION TO **VIRTUAL CURRENCY**



U.S. COMMODITY FUTURES TRADING COMMISSION





## Virtual Currencies are Commodities

Virtual currencies have been determined to be commodities under the Commodity Exchange Act. While its regulatory oversight authority over commodity cash markets is limited, the U.S. Commodity Futures Trading Commission (CFTC) maintains general anti-fraud and manipulation enforcement authority over virtual currency cash markets as a commodity in interstate commerce.

## Risks Buying Virtual Currencies

Purchasing virtual currencies on the cash market comes with a number of risks, including:

- Most cash markets are not regulated or supervised by a government agency.
- Trading platforms may lack customer protections or safeguards against market manipulation.
- Extreme price volatility or “flash” crashes.
- Platforms selling from their own accounts and putting customers at a disadvantage.

## Beware of Fraud

There may be no recourse if your virtual currency is stolen.

- Virtual currencies are commonly targeted by hackers and fraudsters.
- Do not invest in products you do not understand.
- There is no such thing as a guaranteed investment or trading strategy.
- Some ICOs can be used to improperly entice investors with promises of high returns.
- If someone says they are a broker or advisor, check their registration at [SmartCheck.gov](https://www.smartcheck.gov).

## Suspect Fraud?

If you believe you may have been the victim of fraud, or to report suspicious activity, contact us at [866.366.2382](tel:866.366.2382) or visit [SmartCheck.gov/submitatip](https://www.smartcheck.gov/submitatip).

## Keep a pulse on virtual currencies.

Find podcasts, weekly reports, and tips for protecting yourself at [www.cftc.gov/bitcoin](https://www.cftc.gov/bitcoin).